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STATE OF MARYLAND
MARYLAND INSURANCE ADMINISTRATION
525 St. Paul Place, Baltimore, Maryland 21202-2272

To: Select Private Passenger Automobile Insurers and Homeowners Insurers

Re: 2004 Multi State Credit Scoring Data Call

Date: May 24, 2004

Bulletin: Property and Casualty 04-9

The Maryland Insurance Administration (“the MIA”) is participating in the multi-state study with several other states of the National Association of Insurance Commissioners in order to determine whether credit scoring has a disparate impact on minority and low income individuals. The State of Missouri will be the lead state for purposes of this study.

In order for the Commissioner to conduct this study and in accordance with §19-112 of the Insurance Article, please provide the information as requested in the attached exhibits.

The requested data should be provided in the required format. (See attached) Please submit your data via email. Electronic submission is mandatory. No paper documents will be accepted. Data should be submitted to:

Cruppel@mdinsurance.state.md.us or marnold@mdinsurance.state.md.us

If you have any questions, please contact Fred Santiago, Supervisor, Rates and Forms by phone at (410) 468-2317 or email fsantiago@mdinsurance.state.md.us.

You may contact Cathy Ruppel, Insurance Analyst, by phone at (410) 468-2316, by fax at (410) 468-2306, or by email at cruppel@mdinsurance.state.md.us.

Please provide this information no later than **August 31, 2004**.

Alfred W. Redmer, Jr.
Insurance Commissioner

attachments

**Proposed Data elements
Homeowners and Private Passenger Automobile**

See “Definitions and Instructions” for parameters of data call, and formats.

**Motor Vehicle
Data is for Liability / PIP Coverage Only**

Private Passenger Automobile Liability and PIP Coverage

Field Name	Format	Description
Code	A	Company NAIC Code
PolNo	A	Policy Number
ZIP + 4	A	ZIP + 4 Code, Place of Principle Garaging, formatted XXXXX-XXXX
State	A	Two Letter State Postal or FIPS Code
Incpdt	N	Original policy inception date (first issued),
EndDate	N	Policy End Date -- for policies no longer in force during the data period, including cancellations and nonrenewals
Drivers	N	Number of drivers on policy
PremAmt	N	Annual premium at time this data file was generated
Vehs	N	Number of vehicles on policy
CMBSL	N	Combined Single Limits if applicable
BILmt	A	Bodily Injury Liability Limits (in thousands) (i.e. 100/300)
PDLmt	N	Property damage liability limit
BIBas	N	Liability Annual Base Premium for limits (Dollars)
BILmtPA	N	Bodily injury limits per accident (Do not use dollar signs, decimals, or commas)
BILmtPP	N	Bodily injury limits per person (Do not use dollar signs, decimals, or commas)
PIPLmt	N	PIP Limits if Applicable (No-Fault or Add-On States Only)
Deduct	N	Deductible Amount, if applicable
LossRa	N	Premium adjustment due to prior losses (%)
MajCon	A	The number of major violations used in the driver safety record-rating plan

Private Passenger Automobile Liability and PIP Coverage

Field Name	Format	Description
MinCon	A	The number of minor violations used in the driver safety record-rating plan
ViolRa	N	Premium adjustment based on driving record (excluding impact of prior claims)
CredObt	A	“Y/N” – Y if company sought to obtain a credit score for this policy for rating or underwriting, N otherwise
CredNH	A	“Y/N” Y if “no hit.” If company attempted to obtain a credit score, but no score was returned due to insufficient credit data, code Y for “no hit.” If score was obtained, “N” Leave blank if company did not attempt to obtain a score.
CredTF	A	“Y/N” Y if “thin file” If the score was modified, or a different scoring algorithm was employed due to a “thin file,” code “Y” for “thin file.” Do not code “Y” if no score was obtained (i.e. if it was a “no hit”).
CredURT	A	If a credit score was used to transfer an insured to a different company in a group, provide the NAIC code of the company the insured was transferred TO (Provide the NAIC code of this company if insured was transferred from a sister company in a group).
CredURF	A	If an insured in your company was transferred from another sister company in you group, provide the NAIC code of the company from which the insured was transferred FROM.
Score	N	Raw or Unmodified Credit Score
ScoreCd	A	Code assigned to credit score product, if applicable (i.e. if company submits data for more than one product)
ScoreRa	N	Rate Adjustment based on credit score (%)
ScoreDt	N	Date credit score was generated
ScoreIns	N	Insurance Score, reflecting any changes to raw credit score based on non-credit related criteria, if applicable
ScInsRa	N	Premium adjustment based on modified insurance score, if applicable (%)
Tier	A	Rating Tier (Use code that appears in rating manual)
TierRa	N	Premium adjustment based on Tier placement
Terr	A	Territory Code or Number (Use code that appears in rating manual)
TerrRa	N	Territory Rating Factor (must be comparable across all states)
AGMRa	N	Net premium adjustments based on age, gender, and marital status (% of base rate)
Discnt	N	Total Other Net Discount percent of base rate (multi-line, good student, air bag, or any other discount)

Private Passenger Automobile Liability and PIP Coverage

Field Name	Format	Description
		<i>excluding credit related discounts, or any premium adjustments related to rating territory, prior losses, driving record, age, gender, and marital status)</i>
Surchge	N	Total Other Net Surcharge Amount (prior claims, etc, <i>excluding credit related surcharges, and any premium adjustments related to territory, prior losses, driving record, age, gender, and marital status)</i>)
GdrDis	A	Good driver discount (yes/no)
GstDis	A	Good student discount (yes/no)
MdrDis	A	Mature driver discount (yes/no)
ProgType	A	Program type (i.e. Standard, Preferred, Ultra, etc)
Pre	N	Earned Premium since policy inception
Exp	N	Earned Exposure (Car Years) since policy inception
First Named Insured		
Gender1	A	Gender
MarStat1	A	Marital Status (M, S)
DOB1	N	Date of Birth (MMDDCCYY)
Clscd1	A	Driver Classification code (from company rating manual)
Opp1	A	Principal vs occasional operator
MJViol1	N	Number of major violations
MNViol1	N	Number of minor violations
Fault1	N	Number of at-fault accidents
MVRdt1	N	Date of most recent Motor Vehicle Record (MVR)
Second Named Insured		
Gender2	A	Gender
MarStat2	A	Marital Status
DOB2	N	Date of Birth (MMDDCCYY)
Clscd2	A	Driver Classification code (from company rating manual)
Opp2	A	Principal vs. occasional operator
MJViol2	N	Number of major violations

Private Passenger Automobile Liability and PIP Coverage

Field Name	Format	Description
MNViol2	N	Number of minor violations
Fault2	N	Number of at-fault accidents
MVRdt2	N	Date of most recent Motor Vehicle Record (MVR)
DRRA		Any rate adjustment based on driving record
		Add Additional Fields for each Named Insured, replace trailing digits in variable name as appropriate
		For each vehicle
VratCls1	A	Vehicle 1 rating Class Code
AnnMil1	N	Vehicle 1 estimated annual mileage
UseVeh1	A	Vehicle 1 use (i.e. Pleasure, commute, work, etc.)
VratCls2	A	Vehicle 2 rating Class Code
AnnMil2	N	Vehicle 2 estimated annual mileage
UseVeh2	A	Vehicle 2 use (i.e. Pleasure, commute, work, etc.)
		Add additional records for each vehicle on policy
BIPd	N	Number of paid claims since policy inception-BI Liability
PDPd	N	Number of paid claims during data year-PD Liability
BIUpd	N	Number of unpaid claims since policy inception –BI Liability
PDUpd	N	Number of unpaid claims since policy inception – PD Liability
BILoss	N	Monetary losses incurred since policy inception–BI Liability

Private Passenger Automobile Liability and PIP Coverage

Field Name	Format	Description
PDLoss	N	Monetary losses incurred since policy inception – PD Liability
AvgSet	N	Average claim settlement time in day (close date – report date)
ClmCode	A	Claims reported as <i>per occurrence</i> or <i>per claimant</i> ? (code O or C)
CnDt	N	Cancellation or nonrenewal effective date (MMDDCCYY)
ClmNo1	A	Claim 1 -- Claim Number
DrvNo1	N	Claim 1 – Driver number who was at fault, consistent with data reported above
LsDate1	N	Claim 1 – Loss date
ReptDt1	N	Claim 1 – Report Date
ClsDt1	N	Claims 1 – Closed Date
PayDt1	N	Claim 1 – Payment Date if closed with payment
Cov1	A	Claim 1 --Coverage (BI, PD, or both)
Linc1	A	Claim 1 –Loss Incurred Amount Total
LincBI1	A	Claim 1 – Loss incurred amount—BI
LincPD1	A	Claim 1 – Loss incurred amount—PD

Repeat for each additional claim, update variable names (ClmNo1 to ClmNo2, etc)

Homeowners

Code	A	Company NAIC Code
PolNo	A	Policy Number
Incpdt	N	Original policy inception date (first issued),
EndDate	N	Policy End Date -- for policies no longer in force during the data period, including cancellations and nonrenewals
PolForm	A	Policy Form Code
CovType	A	Replacement or market value policy (R or M)
ZIP + 4 Code	A	ZIP + 4 Code of Property, formatted XXXXX-XXXX
ConstDt	N	Date of construction
Constr	A	Dwelling construction type "Frame," "Masonry," etc.
CovALmt	N	Limit for "Coverage A—Dwelling"
CovBLmt	N	Limit for "Coverage B—Other Structures"
CovCLmt	N	Limit for "Coverage C—Personal Property"
CovDLmt	N	Limit for "Coverage D—Loss of Use"
CovELmt	N	Limit for "Coverage E—Personal Liability"
CovFLmt	N	Limit for "Coverage F—Medical Payment to Others"
Pre	N	Premium earned since policy inception
Exp	N	Earned exposures since policy inception (annual)
PremAmt	N	Annual Premium Amount
RCMV	N	Replacement cost or market value of dwelling (as relevant to policy)
BasRt	N	Base Rate
Deduct	N	Deductible Amount
Age1	N	Age – First named insured
Gender1	A	Gender – First Name insured
DOB1	N	Date of Birth – First Named insured
FireCode	A	Fire Protection Classification Code

Homeowners

FireRa	N	Fire Protection Classification Premium Adjustment –Expressed as % increase in base rate for state
TerrCode	A	Other Rating Territory Number or Code
TerrRa	N	Other Rating Territory Class—Expressed as % increase in base rate for state
Tier	A	Tier code, if applicable
TierRa	N	Premium adjustment based on tier placement (%)
LossRa	N	Premium adjustment based on prior losses (%)
AGMRa	N	Premium adjustment based on age, gender, and marital status of insured(s)
CondRa	N	Net Total Amount of surcharges / discounts based on condition and age of property (% of base premium)
OthRa	N	Net Total Amount any other surcharges / discounts, excluding credit score, protection class, or territory, or age, gender, marital status, or prior losses of insured (% of base premium)
CredObt	A	“Y/N” – Y if company sought to obtain a credit score for this policy for rating or underwriting, N otherwise
CredNH	A	“Y/N” Y if “no hit.” If company attempted to obtain a credit score, but no score was returned due to insufficient credit data, code Y for “no hit.” If score was obtained, “N” Leave blank if company did not attempt to obtain a score.
CredTF	A	“Y/N” Y if “thin file” If the score was modified, or a different scoring algorithm was employed due to a “thin file,” code “Y” for “thin file.” Do not code “Y” if no score was obtained (i.e. if it was a “no hit”).
CredURT	A	If a credit score was used to transfer an insured to a different company in a group, provide the NAIC code of the company the insured was transferred TO (Provide the NAIC code of this company if insured was transferred from a sister company in a group).
CredURF	A	If an insured in your company was transferred from another sister company in you group, provide the NAIC code of the company from which the insured was transferred FROM.
Score	N	Credit Score
ScoreCd	A	Code assigned to credit score product, if applicable (i.e. if company submits data for more than one product)
ScoreRa	N	Rating adjustment based on credit score (%)
Scoredt	N	Date credit score was generated (MMDDCCYY)
ScoreIns	N	Insurance score, reflecting any adjustment made to raw credit score based on non-credit criteria

Homeowners

ScrInsRa	N	Rate adjustment based on modified insurance score (%)
Losses Summary		
ClmPd	N	Number of paid claims since policy inception
ClmUnPd	N	Number of unpaid claims since policy inception
DLI	N	Direct monetary losses incurred since policy inception
AvgSet	N	Average claim settlement time in days (report date – paid date)
Individual Loss Records		
ClmNo1	A	Claim 1 Claim number
LossCode1	A	Claim 1 Cause of Loss
CovCode1		Claim 1 Coverage (Coverages A-F)
LsDate1		Claim 1 Loss Date
ReptDt1		Claim 1 Report Date
ClsDt1		Claim 1 Close Date
PayDt1		Claim 1 Paid Date (or close date if no payment)
Linc1		Claim 1 Amount incurred loss
LPd1		Claim 1 Amount paid loss

Repeat for each claim separately, replace trailing “1” with 2, 3...n.

Contact Form

Please provide the following information for the individual who will be responsible for answering the data call for you company. Separate forms should be completed for each individual company.

Forms should be postmarked no later than June 15th, 2004, and returned to

Fred Santiago, Supervisor, Rates & Forms
Maryland Insurance Administration
525 St. Paul Place
Baltimore, Maryland 21202
410-468-2317

Name of Company (NAIC Number) (Group Number)

Name _____

Title _____

Address _____

Telephone _____

Fax _____

Email _____

Instructions and Definitions

Scope

Data is requested for each policy with an inception date no earlier than 1999. The data should include both **current** and **prior** insureds. Each automobile and homeowners policy will constitute a separate data record. These data should include **both** insureds for which a credit score was obtained, and insureds that were not “scored.”

All data should be relevant to the insured at the time the file is generated (i.e. current premium levels, rating factors, and so forth).

Acceptable File Formats

All files must include the variable names indicated in the data call (attached). Acceptable formats include SAS, delimited text, MS Excel, and MS Access. If a different format is desired, please contact the (State) Department of Insurance.

All submissions must include a completed survey, plus other materials indicated in the survey.

Business Lines

Private Passenger Automobile coverage excludes motorcycles, motorhomes, and antique vehicles.

Homeowners Coverage excludes mobile homes.

Overview of file

Each file is designed to allow the user to assess the impact on base rates of various rating variables. Variables ending in “ra” (for “rate adjustment”) should indicate the total rate adjustment as follows:

Private Passenger Automobile Insurance

Premium Amount = Base Rate

- + ***AGMRA (impact of age, gender, and marital status)***
- + ***TerrRa (Territory rate adjustment)***
- + ***LossRa (prior loss adjustment)***
- + ***ViolRa (driving record, violations, etc)***
- + ***ScoreRa (rate adjustment based on credit score)***
- + ***Discnt (total of all other discounts, such as good student, etc)***

+Surchge (total of all other surcharges)

Base rate is the rate for given limits, coverages, deductible amount, miles driven, and vehicle characteristics and class.

Homeowners Insurance

Premium Amount = Base Rate

- + AGMRa (impact of age, gender, and marital status)
- + FireRa (Fire protection class)
- + TerrRa (any other Territory)
- + LossRa (prior losses)
- + CondRa (age and condition of insured property)
- + OthRa (net impact of all other rating variables)
- + ScoreRa (Credit or insurance Score)

Base rate is rate for type of dwelling, coverages, deductible, and limits

If an “insurance score” is used in lieu of the raw credit score (in which the insurance score represents the modification of a credit score based on non-credit related factors, then the insurance score should be substituted in the above formulas.

So that rate adjustments are comparable across all states, the base rate should be “normalized” to 100, and adjustment expressed as % deviations from 100.

Credit-based underwriting / rating other than scores

If credit is used, but is not transformed into score, submit the corresponding code representing underwriting / rating based on the credit characteristics.

Reporting rate adjustment factors.

Several variables (those ending in “ra”) express the premium impact of various factors. These should be reported as percents, with up to two decimals as applicable.

Other formats

Currency - Do not include the dollar (\$) symbol, report to 2 decimals as applicable

Dates – All dates must be report as **numeric date** formats, and as MMDDCCYY

Codes – Codes such as territory ID, credit score product code, driver class code, must correspond to those reported in the survey, and reflected in the company’s rating manual.

ZIP + 4 Code – is the ZIP + 4 Code for the place of principle garaging or the insured property. The ZIP + 4 Code should correspond with the territory code.

Homeowners Cause of Loss – Report as Follows

Code	Description
1	Fire and Lightning
2	Wind and Hail
3	Burglary and Theft
4	All Other

Multistate Study on Insurance-Based Credit Scores

Survey

Submit completed survey, and a current copy of rating manual, along with the data.

1. Name, title, e-mail address, phone number, fax number, and mailing address for the insurer contact person(s) responsible for fulfilling data call.
2. This survey is for **Home** / **Auto** (circle one). Complete separate survey for each line.
3. Provide a complete description of credit score products in use by this company. Include a description of the origin of product (i.e. third party vendor or company) and the dates each product was used. Include all products included in data, and identify with corresponding code. Include a table similar to the following:

Credit Score Product Code (matching that used in data)	Full name of product	Vendor of product	Dates Used
A			
B			
C			

4. For each product identified above, include a complete description of how the score is (was) used in underwriting and rating. Include a table of rating factors associated with score ranges, if applicable. If a “raw” credit score is not used, provide the same information for the modified “insurance score.” Also indicate who is scored (“head of household,” “first name insured,” etc).

Example Table

Score	Rate Adjustment
Range 1	X%
Range 2	
• • • •	
Range N	

5. If credit characteristics are used in rating and underwriting, but do not result in a “score,” explain the credit characteristics and underwriting/rating categories used.

6. Provide a table of the decile distribution of scores as follows:

Example

Decile	Number of Insureds
Best 10%	
Second 10%	
• • •	
Bottom 10%	

7. Provide a table of fire protection classification code and premium adjustment factors.

Example

Fire Protection District	Adjustment Factor
1	X%
2	
• • •	
N	

8. Provide a table of rating territory codes and premium adjustment factors.

Example

Territory Code	Adjustment Factor
1	X%
2	
• • •	
N	

9. Provide a complete description of rating tiers, including tier code (as reported in data), factors used for tier placement, and rate, coverage, and payment plan differentials between tiers. You can attach relevant sections from your company's rating manual.

10. Describe the driver classifications used by company (auto only), and explain how insureds are assigned to each driver classification. Display class codes as reported in the data submission.

11. For residential property, provide a table and description of structure types used for underwriting / rating (such a brick, frame), and the codes reported in the data.